

Downtown Boulder Strategic Plan

**Final Report
February, 2005**

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prepared for
**The City of Boulder
Downtown Management Commission
Downtown Boulder Business Improvement District**
by
Progressive Urban Management Associates, Inc.

Executive Summary

Over the past forty years, Downtown Boulder has emerged as one of the most successful central business districts in the nation. Downtown Boulder's success has resulted from a series of major public policy decisions and private sector resolve that have adjusted to new realities in the Boulder marketplace.

In 2005, Downtown Boulder confronts a new series of market uncertainties. Following a prolonged regional economic recession, office vacancies exceed 15% and leasing activity is soft. Downtown's predominance as Boulder's primary destination for dining, shopping and entertainment is challenged by the imminent opening of Twenty Ninth Street, a new lifestyle shopping center being developed ten blocks east of Downtown at the site of the former Crossroads Mall.

Seeking a strategy to strengthen Downtown over the next three to five years and explore how the central business district and Twenty Ninth Street can best work together to benefit Boulder, the City, its Downtown Management Commission and the Downtown Boulder Business Improvement District commissioned the 2005 Downtown Strategic Plan. Denver-based Progressive Urban Management Associates was selected to guide a 35-member Task Force to develop the Strategic Plan. The process included:

- Property and business owner interviews, meetings with existing Downtown committees and workshops with the Strategic Plan Task Force.
- A market snapshot that reviewed existing studies and sales tax trends, developed a use analysis and profile of both Downtown and Twenty Ninth Street and sought best practices from comparable Downtowns throughout the nation.

Conclusions from the planning process included:

- Despite its challenges, Downtown remains a premier regional destination.
- While most recognized for the Pearl Street Mall, Downtown has grown and matured beyond its anchor asset.
- Small businesses are the lifeblood of Downtown.
- Downtown and Twenty Ninth Street offer widely different real estate concepts that together, in the long run, provide Boulder with a sustainable commercial core.
- Maintaining a competitive and compelling Downtown will require a concerted, unrelenting and united effort by the public and private sectors.

The Strategic Plan lays out recommendations for Downtown to "take care of the basics" for the next several years in the following five activity areas:

1. Support small businesses.
2. Simplify parking.
3. Refresh Downtown's image and positioning strategies.
4. Enhance the Downtown experience, primarily through arts and culture.
5. Build a Downtown conference center
6. Strategically connect with Twenty Ninth Street.

A sequencing timetable, organizational roles and responsibilities are also identified.

I. Strategic Plan Background & Objectives

“Alone, the individual property owner can do little. United with others, he can make a major contribution toward the revitalization of his city and his own economic future”.

Source: Boulder Committee for Exploration of the Core Area Potential, 1966

Over the past forty years, Downtown Boulder has emerged as one of the most successful central business districts in the nation. Downtown Boulder's success has been the product of a series of major public policy decisions and private sector resolve that have adjusted to new realities in the Boulder marketplace. Key events in the evolution of Downtown have included the following:

- 1963:** The Crossroads Mall opens with nearly 400,000 square feet of “modern” retail space. The opening of Crossroads initiates an exodus of key downtown retailers and more than one-third of Downtown retail space is vacant by the mid-1960s.
- 1970:** The Central Area General Improvement District (CAGID) is formed to provide parking and related improvements in downtown. CAGID becomes the nexus for Colorado's most advanced downtown parking management system, financing parking structures for employees and visitors, and pioneering alternative mode options such the metro area's only downtown-wide EcoPass to promote transit.
- 1977:** The Pearl Street Mall is constructed, in part to better compete with the expanding Crossroads Mall. Part of a nationwide trend, Pearl Street becomes one of a handful of successful pedestrian malls. Pearl Street's success is due to a number of factors, including its exceptional design, youthful and recreation-oriented markets, Boulder's natural setting, great climate and the public/private partnership that manages the Mall.
- 1983:** The Crossroads Mall doubles in size, expanding to over 800,000 square feet.
- 1990s:** Downtown Boulder thrives, and development moves beyond the Pearl Street Mall at its east and west ends. Downtown Boulder becomes one of the metro area's premier visitor attractions and a multi-dimensional environment for shopping, dining, working and living.
- 1999:** The Downtown Boulder Business Improvement District (BID) is formed. In anticipation of the FlatIron Crossing Shopping Mall development in Broomfield, Downtown property owners create the BID to generate funds for more aggressive marketing and maintenance. The BID is viewed as a tool for keeping Downtown competitive in a dynamic marketplace.
- 2004:** Crossroads Mall is demolished and construction begins on Twenty Ninth Street, a new retail “lifestyle” center. The City of Boulder, in partnership with CAGID and the BID, authorize the Downtown Boulder Strategic Plan to protect Downtown's strengths and identify ways the two projects can best work together to benefit Boulder.

2005 Downtown Boulder Strategic Plan

The Downtown Strategic Plan is designed to effectively and realistically address Downtown challenges by meeting the following objectives:

- Assess the dynamics of Downtown's current economic, political and planning environment.
- Determine how Downtown should be positioned and organized to respond to imminent market challenges and opportunities.
- Engage leaders from Downtown's management and marketing organizations and other district stakeholders in a participatory process to develop a strategic plan.
- In concert with Downtown business and City leadership, develop recommendations to maximize Downtown's overall competitiveness and guide its evolution over the next three to five years.

To meet the preceding objectives, Denver-based Progressive Urban Management Associates (P.U.M.A.) was retained to direct the strategic planning process. With the guidance of a property and business owner task force and City and BID staff, P.U.M.A. facilitated a 5-month process that included:

- An external environment assessment to develop an understanding of the economic and political forces currently shaping downtown. The assessment included feedback from more than 50 downtown stakeholders, including one-on-one interviews with Downtown businesses, property owners and civic leaders, group meetings with the BID's economic vitality and parking task forces, a review of plans and status of development projects, including Twenty Ninth Street.
- A market snapshot to obtain qualitative and quantitative market information to help create a positioning strategy including:
 - A survey of comparable downtowns with nearby lifestyle shopping centers to determine trends, impacts and best practices.
 - Use analysis and profile of both Downtown and Twenty Ninth Street
 - Review of Downtown sales tax trends
- Preparation of a Strategic Plan "working paper" with findings from the external assessment and market snapshot, plus recommendations for downtown Boulder including areas of program emphasis for the next five years, suggested organizational roles and responsibilities and other suggested steps to improve Downtown's overall competitiveness. The "working paper" was then reviewed by the project task force and then refined into a final strategic plan report.

II. Task Force Observations and Priorities

To develop the Downtown Boulder Strategic Plan, P.U.M.A. worked under the general direction of a 30-member Downtown Strategic Planning Task Force. Individuals on the Task Force included:

Clair Beckman, Bank One	Nolan Rossall, RRC Associates
David Bolduc, Boulder Bookstore	Phil Shull, Deneuve Construction Services
Mike Callas, Outdoor Divas	Rick Sterling, Sterling Rice
Paul Eklund, P.N. Eklund Interests	Gene Sullivan, Wells Fargo Bank
Jonathon Fierer, BOBO Modern Living	Steve Tebo, Tebo Development
Nick Forster, E-Town	Matt Thomas, Boulder Chop House & Tavern
Richard Foy, Communication Arts	Tom Thorpe, DTJ Design
Reg Gupton, Creative Growth Seminars	Pete Turner, Illegal Pete's
Greg Hartmann, HVS	Rich Wobbekind, University of Colorado
Andy James, James TravelPoints	
George Karakehian, Art Source International	<u>Civic Officials/Resources</u>
Byron Koste, University of Colorado	Frank Bruno, City of Boulder
John Koval, Coburn Development	Gerard Cote, Downtown Boulder BID
Terry Kruegel, Colorado Group	Susan Graf, Boulder Chamber of Commerce
Lane Landrith, Hotel Boulderado	Jane Jenkins, Downtown Boulder BID
Jerry Lee, Lee Real Estate Development	Sean Maher, Boulder Economic Council
Maureen MacMackin, First National Bank	Mary Ann Mahoney, Boulder CVB
Patrick Mercardante	Peter Pollock, City of Boulder
Jay Midyette, Midyette Architects	Brad Power, City of Boulder/BURA
Fern O'Brien, Dietze & Davis	Michael Stumpf, City of Boulder
Richard Polk, Pedestrian Shops	Molly Winter, CAGID
Ric Porreca, University of Colorado	
Joe Romano, The Mediterranean Restaurant	

In order to get a sense of collective priorities, individual interviews were held with Task Force members in advance of a group meeting in October 2004. Three key questions that were discussed included:

- What is the ideal positioning strategy for Downtown as it faces new competition from the new Twenty Ninth Street development?
- What are Downtown's competitive advantages and disadvantages?
- What should the priorities for Downtown be?

General themes that emerged during the individual interviews regarding *Twenty Ninth Street* were as follows:

- Twenty Ninth Street is only a threat to Downtown if it offers a comparable *experience* to downtown.
- The two commercial areas will compliment each other, similar to the dynamic between Cherry Creek Mall and Cherry Creek North in Denver.
- Twenty Ninth Street poses a definite threat.
- The threat (or competition) presented will wear off with its novelty.

General thoughts regarding *Downtown's strengths* that emerged during the interviews included:

- Its beauty, character and ambience
- Pedestrian space, diversity, great people watching
- Diversity of uses

Downtown's weaknesses include:

- Perception of lack of parking
- Lack of collective marketing & branding
- Recent loss of retail
- Vacancy rates
- Lack of common vision
- Panhandlers, transients
- Homogenous shops
- High rents

Strategic Options/Priorities: At its October 2004 meeting, the Task Force was asked to list and prioritize strategic options for Downtown – those areas of vulnerability or opportunity that are most important to making downtown more competitive. These strategic options provided direction for the consultant team in its subsequent investigation in developing the Strategic Plan. Top priorities included:

1. **Strengthen Efforts to Retain, Grow and Attract Office Users:** Perhaps the greatest immediate weakness in the downtown marketplace is the high vacancy rate and overall softness in the office segment. Retaining and attracting Downtown jobs are viewed as critical to keeping downtown competitive and providing an in-place market for other Downtown use segments such as retail and dining.
2. **Address Negative Parking Perceptions and Realities:** Despite the overall sophistication of Downtown's parking management system, parking availability, cost and perceptions continue to be viewed as competitive liabilities. The issue encompasses both customer and employee parking needs.
3. **Develop a Downtown Conference Center:** Currently in the planning stages, a Downtown Conference Center is viewed as solidifying Downtown as a regional destination and making Boulder more competitive in the small conference and event market.
4. **Collaborate and Link with Twenty Ninth Street:** Given the imminent reality of the Twenty Ninth Street development, finding areas of mutual benefit are important.

A summary of Task Force interviews and notes from the October 2004 workshop are provided in Exhibit 1.

III. Market Snapshot

Existing Market Information: Past Studies

Downtown Boulder benefits from having a wide variety of market information tailored for the central business district, including visitor intercept surveys that have been completed on an annual basis for the past five years. Available market information that was reviewed for the Downtown Boulder Strategic Plan includes:

- 1999 Downtown Market Analysis (Coley/Forrest)
- 1999 and 2004 Phone Surveys (RRC Associates)
- 1999 through 2004 Annual Intercept Surveys (RRC Associates)
- 2001 Regional Market Penetration of Flatiron Crossing (Hunter)
- 2003 Shopping Survey for Crossroads Redevelopment (Talmey-Drake)

These market studies reveal evidence of mixed trends and performance in the downtown retail market during a period of overall market uncertainty:

Good News

- According to the results from the 2004 intercept survey, Downtown Boulder is the region's number one destination for the following activities as compared to other regional shopping destinations:
 - Bringing in out-of-town guests (65%)
 - Meeting friends and/or "hanging out" (52%)
 - Dining out (47%)
 - Arts and crafts shopping (40%)
 - Entertainment (32%)
- Frequency of Downtown visits by intercept respondents has remained relatively high, ranging from 11.3 visits in the previous two-month period in 1999 to 12.8 visits in the previous two-month period in 2004.
- Downtown's most frequent patrons are in the 18 to 44 age group with household incomes in excess of \$50,000 per year.
- In 2004, intercept survey responses found that downtown rates very high for overall atmosphere, safety and cleanliness. Family orientation was improved.
- The Pearl Street Mall is perceived as a favorable place by 88% of residents in 2002, an increase from 84% in 1998.

Mixed News

- Intercept surveys find declining average expenditures in Downtown, declining from \$56.72 in 1999 to \$38.33 in 2004, an overall decline of 32.4%. Average expenditures declined in 2004 over 2003, despite some strengthening in the regional economy.
- In 2004, the average out-of-state visitor spent \$51.45, compared to a Boulder resident who spent an average of \$26.78.
- In 2004, 43% of telephone survey respondents are visiting less frequently, while only 10% are visiting more frequently.

- Desired changes to increase the frequency of visits include 1) better mix of stores/more local stores; 2) free parking; 3) more affordable/less expensive stores and 4) expanding parking facilities.

Sales Tax Trends

To gain a better understanding of Downtown's retail dynamics, P.U.M.A. undertook an analysis of Downtown and Boulder sales tax trends from 1999 through 2003. These trends, which are presented in summary Exhibit 2, offer additional insight into the supply side of the downtown retail equation as compared to the demand information revealed by the consumer surveys:

- Overall, Downtown sales tax receipts have remained relatively flat since 1999 and have not significantly increased since the broader economic recession began in 2001.
- Downtown's overall share of the Boulder retail sales market has increased from 9.2% in 1999 to 10.4% in 2003. Due primarily to erosion at the Crossroads Mall, the City's overall retail sales tax base has declined while downtown has remained relatively flat.
- Downtown's eating and apparel segments are particularly strong from a citywide perspective. Downtown's share of citywide eating sales have risen from 30% to 35% in the period from 1999 to 2003, and apparel rose from 35% to 41% in the same period.
- Downtown eating places and construction are the two categories that have increased during the period, while apparel, home furnishings and general merchandise show gradual and continuing declines.

Retail Use Mix: Chains vs. Local Independents

A recurring consumer and stakeholder concern about Downtown Boulder retail is that it has become more dominated by national chains and franchises in recent years. While there may be a higher number of national store brands in visible locations than in prior years, our use inventory undertaken in November of 2004 revealed that Downtown maintains a strong and healthy concentration of local independents.

The use mix inventory includes the entire Downtown area encompassed by the BID. Highlights of the inventory include:

- There are 283 retail stores within the Downtown, including 90 located on the Pearl Street Mall.
- 74.4% of Pearl Street Mall retailers are considered local independent brands, while 86.5% of retailers in the remainder of Downtown are local independents. Overall, Downtown is composed of 82.7% local independent retail.
- Nearly two-thirds of Downtown's eating establishments are found off of the Pearl Street Mall.
- Each end of Downtown is rapidly developing a unique niche, with the West end offering a cluster of music, home furnishings and specialty bookstores and the East end having a concentration of home furnishings and restaurants.

The use mix inventory is provided as Exhibit 3.

Survey of Comparable Downtowns

A survey was conducted of comparable Downtowns that have a similar dynamic that will soon exist in Boulder: a traditional downtown retail area that is adjacent and/or close to a newly built lifestyle center or mall. The surveys were designed to better understand the priority issues that emerged from the Downtown Boulder Strategic Plan Task Force, including business development and parking management initiatives, conference center impacts and relationships between the downtown and the adjacent shopping center.

The complete survey summary matrix is attached as Exhibit 4. The commercial districts that were selected include:

- Cherry Creek North, Denver, Colorado
- Old Pasadena Management District, Pasadena, California
- City of Santa Monica and the Bayside District Corporation, Santa Monica, California
- City of Scottsdale Office of Economic Vitality, Scottsdale, Arizona

Parking: All of the participating cities indicated that parking availability is an issue in Downtown, and all, except for Scottsdale, indicated accessibility and pricing are issues they are consistently dealing with. All indicated they have plans to or are in the process of adding more public parking and all are grappling with ways to balance employee parking with consumer parking. Santa Monica and Old Pasadena both have policies that allow for an initial period of free parking in structures (first 90 minutes to two hours) that have been successful in simplifying parking policies and attracting consumers. Other cities also mentioned high demand and wait lists for long-term parking passes in city-run structures.

Conference Center: The surveyed cities, with the exception of Cherry Creek, indicated that there are conference facilities near their downtown areas. However, they are primarily regional centers that host art exhibits, antique shows and similar events and do not rely on overnight visits. The Old Pasadena convention center is located two blocks from the shopping district. It is planning an expansion that will be funded exclusively through a hotel special assessment. The private sector in Scottsdale absorbs most of the conference business.

Business Development Initiatives: The Cherry Creek North BID maintains a database of all the commercial space in the district and is launching a new business center to track lease rates, terms and availability. It also works closely with brokers, especially to recruit local businesses to fill retail voids. The BID works closely with area merchants and property owners to keep them informed about changes, needs and expectations of shoppers and potential investors. Santa Monica and Old Pasadena have very low vacancy rates, and do not have particularly aggressive business development programs. The City of Santa Monica hires a business locator firm to help fill vacancies with appropriate users. The City of Scottsdale focuses primarily on small business support in helping merchants through permitting processes and providing façade loans.

Collaboration between Downtown and the Nearby Shopping Center:

Interestingly, all four surveyed business districts indicated that the net result of the proximity to a large mall was, over time, either neutral or positive.

- **In Denver's Cherry Creek North shopping district**, the BID was organized when the adjacent Cherry Creek Mall was being planned. Because of the business organization that occurred in response to the potential threat, both the mall and adjacent Cherry Creek North are thriving, largely due to their proximity to one another and because the Mall is almost all national chains while Cherry Creek North is predominated by local independent businesses. The result has been a mutually beneficial, symbiotic relationship.
- **In Old Pasadena, the Paseo Colorado Mall** opened in 2002 with a 16-screen movie theater. The mall, which updated a pre-existing enclosed center with an open air concept, is two blocks from the Downtown area. The two first-run movie theaters in Downtown closed; however, one is being redeveloped as a large upscale retailer (Tiffany's) and the other is now a regional art film house. The retail at the shopping mall was initially upscale, but has changed its focus to discount retail. The mall never had an impact on Downtown merchants and there is some speculation that this may be a result its post 9/11 opening.
- **When Santa Monica Place** opened adjacent to Third Street in the 1970's; the mall almost drained the remaining life from it. When Third Street was redeveloped to become the Promenade in the 1980's, it did the same to Santa Monica Place. Because both have experienced both ends of the equation, a concerted effort was made in the 1980's to cross-promote the Mall and the Promenade. It worked. Both venues offer primarily national outlets and have very high rents. The result is only a handful of local businesses are able to meet the rent demands in the area – both projects are predominated by national chains and franchises.
- **In Scottsdale**, immediately north of Downtown is Scottsdale Fashion Square. Downtown has thrived both because and in spite of the mall. There are no cross marketing or collaborative efforts at present. The mall brings a large influx of consumers who would otherwise not be aware that Downtown exists. Downtown is successful because it represents a sense of place and time and helps define the community.

IV. Downtown Boulder vs. Twenty Ninth Street

The 2005 Downtown Strategic Plan was initiated in part to respond to the imminent redevelopment of the Crossroads Mall into the Twenty Ninth Street retail lifestyle center. Located ten blocks east of Downtown, the Crossroads/Twenty Ninth Street site has influenced Downtown development over the past 40 years.

Initially, in the 1960s, the Crossroads Mall attracted many Downtown retail businesses and contributed to a period of high vacancies and disinvestment. Civic leaders and downtown business and property owners responded by “reinventing” Downtown. Many innovations were pursued, including the construction of the Pearl Street Mall and the creation of CAGID to provide parking and related improvements. Downtown emerged stronger and more successful, becoming a popular regional destination and attracting new investment to a broader Downtown area, including the east and west ends of Pearl Street.

A critical question in 2005 is whether the dynamics of the 1960s will be repeated – *Will Twenty Ninth Street substantially erode Downtown’s market and vitality, or is the central business district stronger, more distinctive and better able to profitably coexist with its new neighbor?*

A Direct Comparison of Downtown and Twenty Ninth Street

As part of the Strategic Plan process, the consultant team developed a direct comparison of Downtown to the proposed Twenty Ninth Street development. This comparison, which is provided as Exhibit 5, finds the following:

- Downtown encompasses 49 blocks while Twenty Ninth Street is focused on 16 blocks with a retail core of 3 blocks, yet they both contain a similar amount of retail square footage. Downtown has 750,000 square feet of retail while Twenty Ninth Street will house 850,000 square feet.
- Twenty Ninth Street is a one dimensional retail/entertainment center, with these uses occupying more than 91% of the total build-out, while Downtown offers a more multi-dimensional environment, with retail accounting for about 30% of total space.
- Downtown has 283 retail stores, nearly 83% of which can be characterized as local independents. Twenty Ninth Street expects more than 75 retail tenants and more than 75% are anticipated to be national chains.
- Despite the vast difference in geographic size and area, both developments have about the same number of public parking spaces. Downtown currently has 3,778 public spaces, while Twenty Ninth Street proposes 3,691 public spaces. Downtown offers an additional 2,000 privately owned and managed parking spaces.

Will Twenty Ninth Street Erode Downtown?

It is likely that, in the short term, Twenty Ninth Street will erode some tenants and sales from Downtown; however, the dynamics are very different from the Crossroads challenge in the 1960s.

In 2002, the Boulder Urban Renewal Authority commissioned an analysis by the Leland Consulting Group to determine the potential loss of local sales from a new “big box” retail development at the Crossroads site. It is important to qualify that the Leland study did not evaluate the projected impact of the Twenty Ninth Street lifestyle center concept, nor did it necessarily compare “apples to apples” in looking at trends from “comparable” communities. However, the study does provide worthwhile insights.

Leland studied the sales transfer impact to new big box stores from local pre-existing retailers. In its case studies from along the Front Range, Leland found that these transfers were significant in the short term, but, in most cases, completely dissipated within about three years.

More importantly, Downtown can also draw upon its past experience and relationship with the Crossroads Mall. When Crossroads first opened in 1963, Downtown experienced severe retail erosion. After creating collaborative parking, marketing and management strategies and investing in the Pearl Street Mall, Downtown was less affected by Crossroad’s doubling in size in 1983.

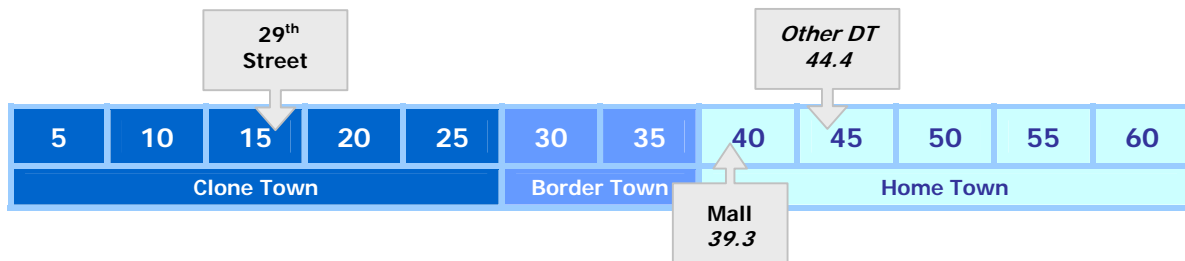
Today, Downtown is better positioned to avoid significant erosion from Twenty Ninth Street for the following reasons:

- Downtown Boulder is a premier regional destination – much stronger in its underlying retail and real estate fundamentals than the communities analyzed by Leland or Downtown’s prior economic condition in 1963 and 1983.
- Downtown Boulder is well organized and capitalized through the BID, DBI and DMC, and will be able to aggressively market during Twenty Ninth Street’s opening period.
- Finally, and perhaps most fundamentally, Downtown Boulder offers a distinctly different product than Twenty Ninth Street – a difference that is dramatically revealed by the following “Clone Town” survey.

Clone Town vs. Real Town

Developed by the *new economics foundation* (nef) in Great Britain, the “Clone Town Survey” is a tool that aims to reveal the difference between business districts that are dominated by national chains and those that are retaining their own character and distinctiveness by retaining local independent stores. While nef decries the loss of diversity in communities and the expansion of corporate culture, our purpose is not to make a political statement – we simply find the Clone Town Survey to be a useful tool in revealing the distinct product differences between Downtown Boulder and Twenty Ninth Street.

Using the Clone Town methodology (see Exhibit 3), the consultant team inventoried the retail mix in Downtown and the anticipated mix in Twenty Ninth Street. A “Clone Town” score is then developed, ranging from 0 (all national chains, all “Clone Town”) to 60 (all local independents, all “Home Town”). Here are the resulting Clone Town scores for the existing retail mix found in the Pearl Street Mall, the remainder of Downtown and the anticipated mix within Twenty Ninth Street:



In addition to illustrating differences between Twenty Ninth Street and Downtown, the Clone Town survey suggests that Downtown, with an overall score in the 40 to 45 range, has a healthy mix of national chains interspersed within its local independent businesses. A sprinkling of national chains is important to attract consumers and strengthen investor confidence in Downtown retail from both independent and national operators. Maintaining the concentration of national chains in Downtown at current levels (i.e. around 20%) is an important goal for the future.

Parking: Perception vs. Reality

On the surface, it appears that Twenty Ninth Street will have a strong advantage in providing acres of free visible parking. While the overall site area for Twenty Ninth Street is about one quarter of Downtown, both areas offer about the same number of public parking spaces. Closer examination finds that the parking differential might be more a factor of perception, than reality.

- ***Twenty Ninth Street’s Advantages May be Overstated:*** In new developments such as Twenty Ninth Street, site plans are often driven by industry standards that are applied to parking. According to our commercial real estate development advisor, standard “ballpark” parking ratios that are commonly in use today include:

Use	“Ballpark” Parking Ratio
Retail	5 spaces per 1,000 sq.ft.
Restaurant	10 spaces per 1,000 sq.ft.
Movie Theater	20 spaces per 1,000 sq.ft.

Applying these ratios to development site plans, Twenty Ninth Street needs from 4,500 to 5,500 parking spaces, but is planned to provide about 3,700.

- ***Downtown's Disadvantages May be Overstated:*** With 3,778 public parking spaces, Downtown offers about the same number of public spaces as Twenty Ninth Street. Not counted in this number are 2,000 spaces located in privately owned parking lots and structures, many of which are available to store patrons, workers and visitors. Downtown also affords significant transit advantages, being the hub of Boulder's heavily used public transportation system. CAGID also provides free yearly EcoPass transit passes for all Downtown employees reducing the overall demand for monthly parking.

Bottom Line Observations: Twenty Ninth Street vs. Downtown

- **In the short term, Twenty Ninth Street is likely to capture some sales from Downtown.** We contend that the overall impact will be limited and relatively brief (12 to 18 months) in duration. Downtown will likely see continued reduction in the number of national chain stores, many of which may locate at Twenty Ninth Street. However, Downtown will continue to be a strong regional destination and a logical home for unique local independent businesses.
- **Twenty Ninth Street is about convenience and is a sub-regional center, not a regional or national attraction.** With acres of visible parking and national brand stores, Twenty Ninth Street is a lifestyle shopping center that features convenience – it will compete directly with similar projects that are now located outside of Boulder. It will never offer the variety of uses, environment or authentic Boulder experience that is found in Downtown.
- **Twenty Ninth Street parking will be easier, but not necessarily better.** Our analysis finds that Twenty Ninth Street's parking advantages and Downtown's parking disadvantages may both be overstated. In any event, parking will be easier, more visible and free at Twenty Ninth Street. In order to remain a competitive destination, efforts must continue to make the Downtown parking experience more visitor friendly.
- **Twenty Ninth Street is likely to increase market potential by keeping Boulder residents in Boulder.** Boulder area residents who are currently traveling to Louisville, Superior, Broomfield, Westminster and other locales for convenience shopping and first run movies will be more likely to stay in Boulder and frequent Twenty Ninth Street. This new pattern could result in expanding the market for Downtown, by keeping Boulder area residents in the city.
- **In the long term, both Downtown and Twenty Ninth Street will be successful.** Downtown and Twenty Ninth Street offer two different retail real estate concepts in the Boulder marketplace. Denver's Cherry Creek offers a glimpse into the potential future of Boulder. The Cherry Creek North business district is composed of 85% local independent businesses while the adjacent Cherry Creek Shopping Center is 94% national chains. Both centers are thriving and together they offer the premier retail destination in the Denver region. Twenty Ninth Street and Downtown could offer a similar dynamic in Boulder.

V. Conclusions: Downtown Boulder & Its Marketplace in 2005

The preceding analysis, including stakeholder outreach, market snapshot and comparison of Downtown to Twenty Ninth Street, reaches the following conclusions:

Downtown Boulder Remains a Premier Regional Destination: Recent market surveys indicate that Downtown Boulder is the region's Number One destination for touring out-of-town guests, meeting friends, dining out, shopping for arts and crafts and seeking entertainment. Downtown also has remarkably strong ratings for providing an environment that is attractive, safe and clean.

Downtown is More Than the Pearl Street Mall: While most recognized for the four-block Pearl Street Mall, Downtown Boulder has grown and matured. In 2005, 30% of Downtown's retail stores are located along the Pearl Street Mall. Both the East and West ends of Downtown offer vibrant and growing clusters of unique shops and businesses. Our inventory finds that the "center of gravity" in Downtown may be changing – the ends may be more vital and interesting than the core.

Small Businesses are the Lifeblood of Downtown: Small businesses are the best short and mid term option for strengthening Downtown retail *and* office segments. In retail, small local independents currently comprise more than 80% of downtown's businesses. While Twenty Ninth Street may appeal to franchises and chains, Downtown can continue to be Boulder's premier location for the best in local independent business concepts. The office market also appears most ripe for small service and professional businesses. Downtown is not price competitive for larger users; however, it does offer strong lifestyle advantages for smaller firms with creative, professional and highly educated workers.

Downtown and Twenty Ninth Street : Experience vs. Convenience: Downtown and Twenty Ninth Street offer widely different real estate concepts that together, in the long term, can provide Boulder with a healthy and sustainable commercial core. Twenty Ninth Street is about convenience – a state-of-the art 2005 retail concept that offers name brand stores and ample parking to get in *and* out quickly. Downtown is Boulder's community gathering place, rich in context, authenticity, history and diversity. It is a place to explore and savor. Twenty Ninth Street will most directly compete with formula retail concepts that are currently draining disposable income out of Boulder. Now these consumers will stay in town, providing new opportunities to reconnect with their Downtown.

Remaining Competitive = Taking Care of the Basics: While long term prospects are excellent, Downtown's vitality is not to be taken for granted. In the short term, there is likely to be some erosion in Downtown sales and occupancies due to the initial newness and promotion of Twenty Ninth Street. Maintaining a competitive and compelling downtown requires a concerted, unrelenting and unified effort by the public and private sectors to improve downtown. Our recommendations to "take care of the basics", which are detailed in the next section, include: 1) Support small businesses; 2) Simplify parking; 3) Refresh Downtown's image/positioning strategy; 4) Enhance the Downtown experience; 5) Build a Downtown conference center and 6) Strategically connect with Twenty Ninth Street.

VI. Recommendations

1. Support Small Businesses

In the short and mid term (i.e. next five years), small businesses are likely to be the best prospects for strengthening Downtown's retail and office segments. In addition, it will be important to retain existing national chains and attract a sprinkling of new ones to attract customers and new investment. The following initiatives are suggested to make downtown more hospitable for small businesses.

- ***The Downtown Business Portal -- Creating a Stronger Small Business Support Infrastructure:*** Led jointly by the City's Economic Vitality office and the Downtown BID, a more concerted effort to attract, grow and incubate small businesses in Downtown is suggested. This effort would have both retail and office components:
 - ***Retail:*** Downtown Boulder should be the primary location for unique and innovative retail, dining and entertainment concepts, including new retail prototypes and/or secondary locations for successful retail, dining and entertainment concepts from other markets.
 - ***Office:*** In the next five years, Downtown will be most competitive for small professional and service firms that feature creative and highly skilled workers. These firms will require small floor plates (ranging from 1,000 to 5,000 square feet) and some could also benefit from shared administrative services in executive suite and "incubator" settings.

The Downtown Business Portal is envisioned as a one-stop hands-on problem solving center to assist small businesses to become acquainted with and ease into the Downtown real estate market. Utilizing many resources that are currently available within both the Downtown BID and the City's Economic Vitality office, the *Downtown Business Portal* could provide the following services:

- Inventory of Downtown real estate and available space.
- Updated market information specific to Downtown, including sales trends, pedestrian counts, lease rates, neighborhood demographics, employment density, etc.
- Liaison services to guide prospects through City development review and licensing processes.
- Help resolve parking and transit availability challenges on a case-by-case basis.
- Conduit to downtown banks and other sources of business financing.
- Conduit to business counseling and assistance centers, such as the SBDC, University of Colorado, etc.
- Connection to University of Colorado to provide internship and job matching services between businesses and students.
- Other services to be determined.

- **Realign Property Owner Expectations:** In addition to retaining, attracting and growing businesses, *The Downtown Business Portal* should focus considerable attention on building ongoing one-to-one relationships with Downtown property owners. In order to accommodate smaller, innovative and oftentimes more *risky* business concepts, property owners will need to realign their expectations in the Downtown market. Lease structures with small independent businesses are different than large chains or franchises. Flexibility is the key -- new business concepts will require smaller floor plates that can grow over time, incremental rental rates that allow for reasonable start-up and growth cycles and tenant finish allowances that are amortized into leases. Over the long term, property owners can maintain margins and occupancies, but in the short term, expenses and uncertainties may increase.
- **Strengthen Collaborative Marketing Efforts in Both Consumer and Investor Channels:** Boulder as a regional center of business innovation should be communicated in marketing efforts to both consumer and investor markets. On the consumer side, Boulder's unique qualities – environment, experience, distinctive businesses – should be communicated in a new positioning effort that defines downtown beyond the Pearl Street Mall (this is discussed later in “*Refresh Downtown's Positioning/ Image Strategy*”).

For investor markets, (i.e. prospective business owners, investors and developers), we suggest that Boulder elevate its business profile in the Denver metro market. Building upon the small business theme, and capitalizing on Downtown's unique quality of life attributes, Downtown could aggressively pursue a stronger business identity for nurturing creative firms and hatching new concepts. Initiatives for elevating Downtown's business profile include:

- Compiling and disseminating testimonials from existing businesses.
- Publicizing the attraction and/or expansion of downtown tenants.
- Organizing tours and presentations for regional real estate professionals on the opportunities within the Downtown market.
- Media relations to foster ongoing relationships with local and regional business media with the goal of improving Downtown's position on the regional business radar screen.
- Other initiatives to be determined.

2. Simplify Parking

To promote the development of a vital and strong Downtown, and to respond to a City policy goal that aims to limit vehicle miles traveled and promote alternative modes of transportation, Downtown Boulder has created perhaps the most sophisticated and best managed urban parking system in Colorado; however, Downtown Boulder parking remains an ongoing challenge for visitors and employees. Visitors are confused by a variety of pricing policies and messages that change between different parking structures, days of the week, holidays and events. A parking validation program exists, but it is not consistently marketed within stores. And employee parking remains problematic with the limited availability of monthly permits in municipal lots.

- **Evaluate the Feasibility of a “First Hour Free” Pricing Promotion:**

While well intentioned, the existing parking validation program is not consistently marketed by Downtown businesses. Despite tripling the number of retail vendors in 2004 to 90, sales of parking validation coupons and tokens have remained flat from 2003 levels. We are perhaps most concerned with the amount of human energy expended by both the BID and the Downtown Management Commission (DMC) to implement the program. Staff is continually consumed to market the program to retailers, develop promotions and account for the purchase and redemption of validation coupons. If an alternative consumer pricing promotion can be implemented, this staff allocation could be better focused on other Downtown improvement efforts.

We recommend that the DMC and BID investigate creating a “First Hour Free” promotion in all City-owned parking structures. This promotion allows for the first hour of all parking anytime in a City-owned structure to be offered for free (or some other set time period – many cities utilize the first 90 minutes to two hours). It requires that the existing pricing system to be evaluated and readjusted to recoup revenues in subsequent hours. This pricing promotion has been introduced in a variety of downtown markets, including Pasadena, Santa Monica, Boise and Fort Collins with positive results, including:

- Simplifies the marketing message to consumers;
- Simplifies and reduces both the cost and time of program administration;
- Creates 100% participation by downtown businesses, as opposed to selective participation through a validation program;
- Many markets have evidenced increased parking structure usage – both in frequency and length of visit.

- **Expand the Parking Angels Promotion:** On Saturdays and during the holiday season, the BID has instituted a “parking angel” promotion which adds 25 cents to expired meters and a note gently reminding patrons to keep meters properly fed. The program has received many kudos and goodwill from Downtown customers. We suggest that this initiative be continued and expanded to other key events and promotions throughout the year.

- **Conduct a “Best Practices Review” of the Existing Parking Management System for Both Visitors and Employees:** We support the Downtown Management Commission’s interest in conducting a “Best Practices” review of the Boulder parking management system, encompassing both visitor and employee user markets. The “Best Practices” review would be conducted by an outside parking consultant with experience from a myriad of other downtowns.

3. Refresh Downtown's Positioning/Image Strategy

Since the development of the Pearl Street Mall, Downtown Boulder has perhaps been best recognized by this focal asset. The Mall continues to be a strong anchor for Downtown, but retail and office development has surged beyond, particularly to the east and west ends. We suggest an image and positioning "makeover" to more accurately project the breadth and diversity of Downtown offerings for dining, shopping and working.

- **Expand the Geographic Concept of Downtown:** Downtown Boulder, as defined by the boundaries of the BID, encompasses a 49-block area. While the BID, Downtown Boulder Inc., and other groups market the entire central business district, the prevailing image of Downtown is dominated by the 4-block Pearl Street Mall. The Pearl Street Mall is an attractive, fun and invigorating downtown space; however, it's predominance in the minds of local and regional consumers may be limiting the overall perception of what Downtown Boulder has to offer. While not diluting the strength and positive attributes of Pearl Street, we suggest that Downtown marketing messages and images be revamped to feature the entire Downtown area, particularly the rapidly evolving nodes at its east and west ends. Messages that should be conveyed include:
 - Breadth and diversity of Downtown retail
 - Existing strengths: attractive environment, safe, clean, multi-dimensional, regional attraction, etc.
 - Predominance of local independent businesses, creativity, innovation
 - Sophistication and quality of offerings, i.e. dining, apparel, home furnishings, etc.
- **Capitalize on the Strength of Downtown's Dining, Apparel and Home Furnishings:** While Downtown accounts for about 10% of Boulder's total retail sales, Downtown's dining and apparel segments are much more dominant. In 2003, Downtown apparel accounted for 41% of Boulder's total sales in this category while dining accounted for 35%. Home furnishings is also a growing, vibrant and visible product cluster within Downtown. Twenty Ninth Street is likely to dilute Downtown's strengths in these areas, and may attract several stores from Downtown, particularly national apparel chains. However, we expect that these segments will remain strong in Downtown.

For example, the Cherry Creek shopping district in Denver today is home to 141 clothing and accessory stores, 79 of which are located in the Cherry Creek Mall and 62 are located in the Cherry Creek North business district. 90% of Cherry Creek North's apparel stores are local independents, while 94% of the Mall's are national chains. Together they provide a powerhouse regional destination.

In Boulder, we suggest that Downtown's strong dining, apparel and home furnishing niches be featured in a variety of consumer and investor marketing efforts, including:

- Dining, apparel and home furnishings clusters can be featured in selected Downtown Boulder print and media advertising, particularly those targeted to local and regional markets.
- Consider special events that showcase the diversity of Downtown's dining, apparel and home furnishings segments.
- Retail business recruitment efforts can target businesses that could benefit from dining, apparel and home furnishing spin-offs.

Additional retail clusters should also be identified and considered for emphasis in marketing efforts.

- **Design and Install New Directional and Wayfinding Signs:** An aggressive wayfinding and directional sign program should be developed to direct vehicles to Downtown, particularly along the Highway 36 (28th Street) corridor. The wayfinding system should provide general directions to Downtown, and then specific destinations, including parking structures, within the Downtown. Recent wayfinding and directional signs developed for the University of Colorado and the University Hill business district provide existing models of similar signs. Vehicle signs should complement Downtown's pedestrian-oriented directory system and hand-held maps.

4. Enhance the Downtown Experience

Through the 2005 Strategic Plan process, a variety of additional use segments have been evaluated to further enhance the Downtown experience and its overall economic vitality within the next five years. Housing, while desirable, is not seen as a viable short term option due to the high cost of Downtown real estate and height limits that restrict the ability to spread costs. We encourage additional housing units to be constructed in the central business district, but expect that new units will number in the dozens, and not hundreds.

We suspect that Downtown Boulder is underutilized as a showcase for local arts and culture, a niche that is complementary with Downtown's strengths and could further advance its market appeal. There are many immediate and short term opportunities to further develop the arts and culture niche.

- **Create Special Events that Celebrate Arts and Culture:** We suggest that the BID and Downtown Boulder Inc. weave more arts and culture into existing events and explore new special event concepts that feature arts and culture. The Pearl Street Mall is a terrific special event venue plus arts events could spill off the Mall into all reaches of the central business district. Event concepts include:
 - Arts and crafts fairs
 - Live "outdoor studios" allowing artists to demonstrate their work process
 - Fashion and design events to complement Downtown's apparel segment
 - Outdoor live music and/or theater series

- **Create a Community Development Corporation to Support the Arts:**
Community development corporations (CDCs) are non-profit 501(c)3 community-based organizations that generally work to support business and housing development in distressed urban areas. In Boulder, we see the use of a CDC in an unconventional role – to champion and develop arts and culture in Downtown Boulder. As an entrepreneurial and development savvy non-profit organization, the CDC could attract financing from foundation, government, citizen and philanthropic sources to advance the arts in a variety of ways:

- Create a downtown public art program
- Raise and distribute financial support for arts and culture organizations in downtown
- Recruit arts related uses to locate Downtown
- Develop and manage an arts incubator or studio facility
- Work with the school system to develop a multi-faceted arts curriculum centered in Downtown
- Coordinate joint marketing and events among Downtown arts organizations
- Acquire or jointly develop real estate to house arts related uses

If formed, the CDC could also work in other sections of Boulder, notably University Hill.

5. **Build a Downtown Conference Center**

Feasibility planning is underway to advance the development of a regional conference center in Downtown. We support the notion of a Downtown conference center – it is a logical complement to Downtown’s existing dining, shopping and business assets. In Boulder, the conference center will help to strengthen and diversify a Downtown that is already thriving, plus, the thriving Downtown will help the conference center succeed by increasing bookings and community usage.

We also support the notion of a “hybrid conference center” that can adapt to a variety of arts and cultural uses as well, including performing and visual arts. The existing conference center feasibility study has determined that local cultural organizations are likely to use the facility. In addition, the space design could also provide studios and other dedicated space that reinforces Downtown as a destination for the arts. Adaptability to arts uses will increase the overall utility of the facility and could expand the community support needed to approve its financing.

6. **Strategically Connect With Twenty Ninth Street**

In the short run, Twenty Ninth Street is likely to cause some hardship for Downtown. Twenty Ninth Street will dilute Downtown’s dominance of Boulder’s dining and apparel sectors, will provide an alternative entertainment choice and will likely absorb several existing and prospective Downtown retailers, particularly national chains. The opening “buzz” for Twenty Ninth Street will also create initial competition for Downtown’s local and regional markets.

However, in the long run, both Twenty Ninth Street and Downtown should benefit from their coexistence. As has been revealed in other markets, many Downtown business districts have eventually been strengthened by a large shopping center in close proximity. The key is to maintain and build upon Downtown's inherent strengths – Downtown Boulder as an authentic, historic, multi-dimensional gathering place that is attractive, safe, clean and fun.

- **Collaborate on Boulder-centric Marketing:** Downtown may benefit through collaboration with Twenty Ninth Street on marketing oriented to residents in Boulder and the immediate region. As a convenience-oriented lifestyle shopping center, Twenty Ninth Street will most directly compete with FlatIron Crossing and other shopping destinations that are currently outside of Boulder. In effect, Twenty Ninth Street could expand the Boulder marketplace by attracting local residents to stay in Boulder who have otherwise traveled outside of town. This creates an opportunity for Twenty Ninth Street and Downtown to piggyback marketing efforts to Boulder residents – urging them to re-explore and re-connect with their hometown. There are a variety of ways to collaborate on Boulder-centric marketing, including:
 - Print and other media targeted to Boulder markets, neighborhoods
 - Special events that build upon and celebrate Boulder themes
 - Creation of a “Boulder Currency” or other ways to encourage home town spending
- **Avoid Shuttle and Physical Connections:** We do not see direct benefits to Downtown through costly shuttle or physical connections with Twenty Ninth Street. The geographic distance and product differences between the two developments is sufficient to cultivate separate identities. Furthermore, use patterns between the two destinations can most likely be facilitated by vehicles, bicycles and existing public transit.

VII. Priorities for Implementation

In January 2005, the Downtown Strategic Plan Task Force met to review and discuss plan recommendations. The following priorities for implementation were set by the Task Force through an exercise that asked each Task Force member to identify the five most important recommendations. 24 members of the Task Force participated.

Strategic Plan Recommendation	Priority Responses
1. "First Hour Free" Parking Pricing to replace validations	24
2. Build a Downtown Conference Center	16
3. Elevate Downtown Boulder business profile	13
4. Conduct "Best Practices Review" of Parking system	12
4. Capitalize on Dining, Apparel & Home Furnishings Niches	12
6. Collaborate w/29 th Street on "Boulder-centric" marketing	10
7. Support Small Businesses/"Downtown Business Portal"	9
8. Positioning: Expand the Geographic Concept of Downtown	7
9. Celebrate Arts & Culture through Special Events	5
10. Create a CDC to Support the Arts	4
11. Realign Property Owner Expectations	3
11. Design & Install New Directional & Wayfinding Signs	3
12. Other: Regulatory Reform to Encourage Live/Work & Arts	2
13. Other: Downtown Movie Theater	1
13. Other: Bike Taxi (ped-i-cabs) Connection to 29 th Street	1
13. Other: Focus on Visitor Markets	1
14. Expand the Parking Angels Program	0

Boulder's existing Downtown improvement agencies and organizations will undertake the implementation of the Strategic Plan recommendations. Organizations to be involved include:

- **DMC:** City of Boulder Downtown Management Commission
- **BID:** Downtown Boulder Business Improvement District
- **DBI:** Downtown Boulder Inc.
- **BEV:** City of Boulder Department of Economic Vitality
- **BPD:** City of Boulder Planning Department

Many of the preceding recommendations can be incorporated into existing programs with existing resources. Others will require new resources and/or the reallocation of resources and energy from existing efforts. The charts on the following pages provide a sequenced approach to implementing the Strategic Plan recommendations over the next three years.

Strategic Plan Implementation: 2005

Strategic Plan Recommendation	Tasks to be Completed	Lead Agency & Resource Implications
Simplify Parking	<ol style="list-style-type: none"> 1. Conduct "Best Practices Review" of parking system, including feasibility of "first hour+ free" pricing. 2. Implement recommendations from Best Practices Review. 	DMC: Process initiated and budgeted.
Downtown Conference Center	<ol style="list-style-type: none"> 3. Continue to evaluate, advocate and build support for a Downtown conference center. 	DMC with support from BID, DBI & BEV – process underway
Support Small Businesses	<ol style="list-style-type: none"> 4. Design and initiate marketing effort to position Downtown Boulder as a business location in the regional market. 5. Create the "Downtown Business Portal" to support office and retail recruitment and retention. 	BID w/support from BEV. Need \$25K to \$50K new resources. BID w/support from BEV.
Downtown Positioning & Image	<ol style="list-style-type: none"> 6a. Capitalize on Dining, Apparel and Home Furnishings 6b. Expand geographic concept of Downtown. 7. Design directional & wayfinding signs 	BID/DBI integrate into existing consumer promotions. DMC with support from BID and DBI
Connect with Twenty Ninth Street	<ol style="list-style-type: none"> 8. Explore "Boulder-centric" marketing concepts 	BID/DBI explore and design with 29 th Street, implement in 2006.
Enhance the Downtown Experience	<ol style="list-style-type: none"> 9. Celebrate arts & culture through special events. 10. Explore regulatory reforms to encourage live/work and arts uses 	DBI integrate into existing events; explore feasibility of new events. BPD evaluate zoning, code and development review processes.

Strategic Plan Implementation: 2006 and 2007

Strategic Plan Recommendation	Tasks to be Completed	Lead Agency & Resource Implications
Simplify Parking	1. Implement recommendations from Best Practices Review.	DMC
Downtown Conference Center	2. Advocate for and secure financing to build a Downtown conference center.	DMC with support from BID, DBI & BEV.
Support Small Businesses	3. Continue marketing effort to position Downtown Boulder as a business location in the regional market. 4. Create the "Downtown Business Portal" to support office and retail recruitment and retention.	BID w/support from BEV. Need \$25K to \$50K new resources. BID w/support from BEV.
Downtown Positioning & Image	5a. Capitalize on Dining, Apparel and Home Furnishings 5b. Expand geographic concept of Downtown. 6. Install directional and wayfinding signs.	BID/DBI integrate into existing consumer promotions. DMC with support from BID and DBI – will require new funding to design & install
Connect with Twenty Ninth Street	7. Implement "Boulder-centric" marketing concepts	BID/DBI with 29 th Street – May require new funding to implement.
Enhance the Downtown Experience	8. Celebrate arts & culture through special events. 9. Enact regulatory reforms to encourage live/work and arts uses. 10. Explore feasibility of a CDC to support the arts.	DBI integrate into existing events; New events may require seed monies from BID and other sources. BPD amend zoning, code and development review processes. BID in partnership with local arts organizations. Will need additional funding if CDC is formed.

Notes from the 1st Downtown Boulder Strategic Planning Task Force Meeting October 15, 2004

Prepared by P.U.M.A. Revised October 28, 2004

Downtown and 29th Street: Opportunities	Downtown & 29th Street: Challenges
Concentration of local, national retail offerings	29th street recruitment of downtown stores
Regional draw into Boulder; will attract new markets	Initial buzz - excitement (short term?)
Opportunity for downtown to differentiate itself	Limited \$ in market: cannibalization
Potential to team 29th & downtown	29th: Entertainment focus: movies/restaurants
Downtown will be price competitive	29th: Centralized ownership & leasing
29th redeveloped: better than existing conditions	Competition is real
Need transportation link/multi-modal connections between downtown and 29th	Downtown needs to be more competitive - concentrate on quality; service; merchandising
Need to capitalize on positive energy	
Need to work together	
Will keep residents and tax dollars in Boulder	
Strong combined retail draw	
Collective will & expertise of downtown business and property owners is real asset	
Diversity of downtown markets - visitor and locals	

Downtown's Competitive Advantages	Downtown's Competitive Disadvantages
Multi-faceted environment, 24/7: shop, dine, play	Multiple owners - leasing, merchandising problematic
History, natural beauty, personality, brand	Parking: perception, cost, enforcement, ease of use, regulations, access
Authenticity, unique, human character	How do we package/promote uniqueness?
Landscaping, ambience, amenities	High cost of downtown housing, demographic changes
Community events	Quirky market?
Variety of markets	Need stronger culture/art draw
Neighborhoods, University	Geography: edge of market
Residents within walking distance	Public space - maintenance, pan-handling
Office market potential	29th: modern, fresh environment, convenient parking
Incremental development pattern	Lack of boutique stores, sophistication
Proximity to creek, trails	
Loyalty to local shop owners	
Downtown organizations, public/private partnerships	
Public space - unpredictable and creative	
East/west growth	
Critical mass of activity	
Volunteerism, passion	

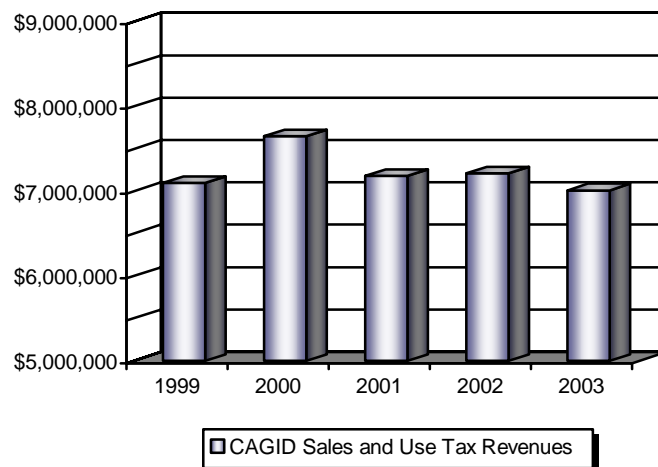
Downtown Strategic Options - Listed in order of Priority	# of "dots"
Fill office space, pursue "investor marketing" and tenant retention strategies & options	15
Address negative parking access and availability perceptions	14
Develop a downtown conference center	12
Collaborative consumer marketing efforts between downtown and 29th Street	5
Strengthen links, connections btwn downtown and 29th	5
Evaluate downtown special events	4
Brand messages: reflect core values and advantages of downtown	4
Pursue visitor markets proactively via conferences, etc.	3
Provide economic incentives to business and property owners to stay or relocate downtown	2
Strengthen alliances with adjacent neighborhoods	2
Identify development opportunity sites	1
Organize/package dining niche	1
Retail mix & merchandising strategies	1
Engage untapped markets, promote "quirkiness"	0*
Create links to University, large employers	0*
Explore creation of cultural arts center/arts theater	0*
Constructively engage young people	0*
Explore wi-fi access & availability	0*
Explore short-term marketing strategies	0*
Consider expanding downtown living options	0*
Get chamber back downtown	0*
Unify store hours & customer service approaches	0*

* was not allocated a "dot", but was mentioned as a priority during the discussion

Downtown Boulder/Central Area General Improvement District (CAGID) Sales and Use Tax Revenues 1999 - 2003

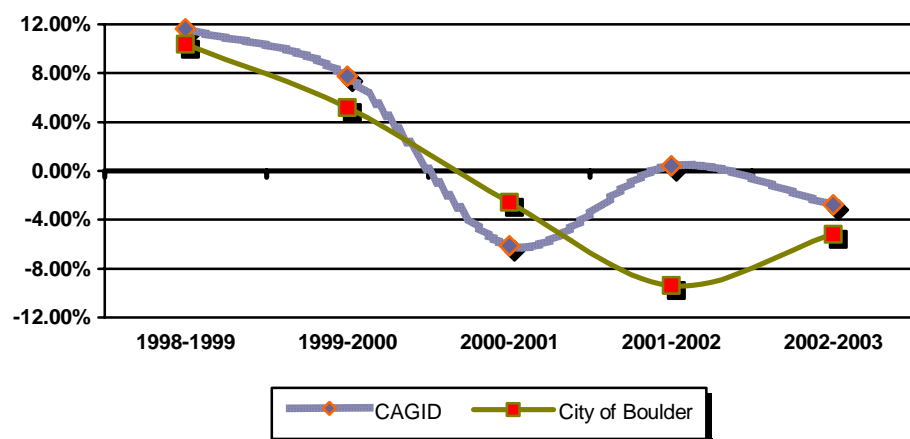
CAGID is a 30-block district containing the Pearl Street Mall in downtown Boulder that operates off-street parking facilities and on-street metered parking spaces. CAGID sales and use tax revenues grew steadily between 1994 and 2000, declined sharply in 2001, and remained relatively flat through 2003.

CAGID Sales and Use Tax Revenues – 1999 to 2003



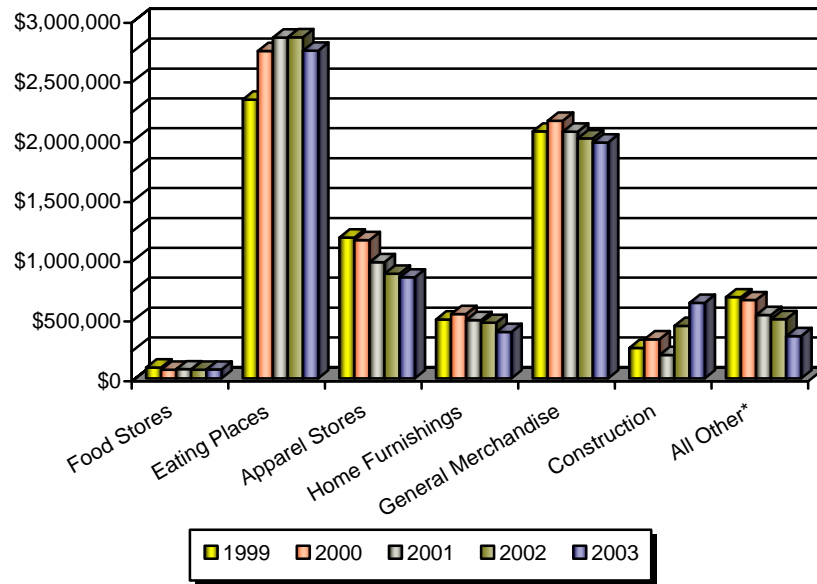
CAGID and City of Boulder sales and use tax revenues grew through 2000, falling sharply in 2001, with CAGID rebounding in 2002, and declining to City of Boulder growth levels in 2003.

CAGID and the City of Boulder Percent Change in Sales and Use Tax Revenues – 1999 to 2003



By industry category, eating places, general merchandise and apparel stores rank highest in order of CAGID sales and use tax revenues collected between 1999 and 2003. CAGID revenues for food stores, apparel, home furnishings, general merchandise and the all other* revenues category, have been on the decline since 2000. Revenues gathered for eating places grew through 2002, dropping by 3.9% in 2003. Since 1999, construction revenues have grown, increasing by 41.5% between 2002 and 2003.

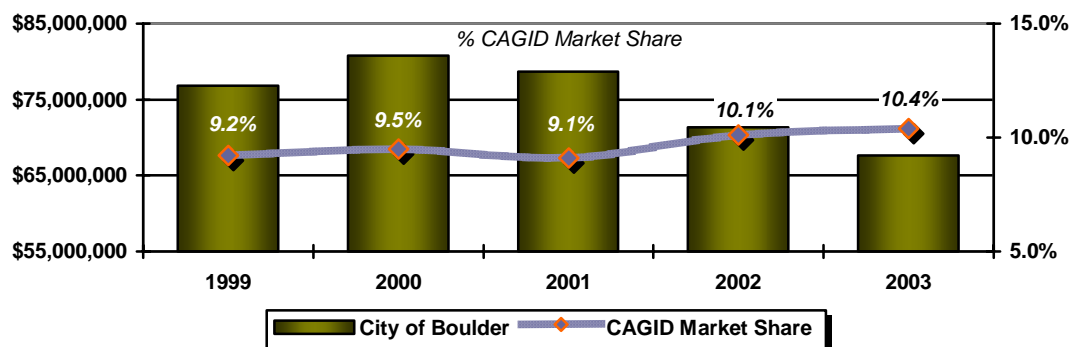
CAGID Sales and Use Tax Revenues by Category – 1999 to 2003



* includes gift stores, book stores, music stores, hobbies, sporting goods, automotive aftermarket, galleries, etc.

CAGID's market share of the City of Boulder's sales and use tax revenues has steadily increased between 1999 and 2003. CAGID apparel revenues as a percent of Citywide apparel revenues increased from 35% in 1999 to 41% in 2003, while CAGID eating place revenue rose from 30% in 1999 to 35% in 2003.

CAGID Market Share of City of Boulder Sales and Use Tax Revenues - 1999 to 2003



Downtown Boulder and Pearl Street Mall Retail Composition

DRAFT 1-10-05

	Pearl Street Mall			Other Downtown Boulder			Total Downtown		
	# local/ independent	# franchise/ national/ chain	total Mall outlets	# local/ independent	# franchise/ national/ chain	total Other DT outlets	# local/ independent	# franchise/ national/ chain	total DT outlets
Food/Beverage Stores	1	-	1	7	2	9	8	2	10
Eating Establishments	19	9	28	46	8	54	65	17	82
Taverns	2	-	2	10	-	10	12	-	12
General Merchandise Stores	-	-	0	-	1	1	-	1	1
Clothing/Accessories	11	6	17	18	4	22	29	10	39
Dry Cleaners/Laundry/Tailors	-	-	0	2	-	2	2	-	2
Pharmacy/Optical	1	1	2	4	1	5	5	2	7
Personal Care/Beauty/Fitness	3	2	5	13	-	13	16	2	18
Household Furnishings	2	-	2	18	1	19	20	1	21
Electronics/Computers	-	2	2	-	-	0	-	2	2
Music/CDs & DVDs/Video	-	-	0	4	-	4	4	-	4
Camera/Photo Developing	-	-	0	2	-	2	2	-	2
Newsagents/Tobacco Stores	1	-	1	-	-	0	1	-	1
Books/Stationery Stores	3	1	4	8	1	9	11	2	13
Toys/Hobbies/Sports/Recreational Goods	2	2	4	7	3	10	9	5	14
Pets/Pet Supplies	-	-	0	1	-	1	1	-	1
Garden Center/Florist	1	-	1	2	-	2	3	-	3
Cinema/Theatre	1	-	1	1	-	1	2	-	2
Automotive	-	-	0	-	3	3	-	3	3
Other Retailers*	20	-	20	24	2	26	44	2	46
TOTAL RETAIL OUTLETS	67	23	90	167	26	193	234	49	283
TOTAL PERCENTAGE	74.4%	25.6%	100%	86.5%	13.4%	100%	82.7%	17.3%	100%

**includes gift stores, galleries, antiques, jewelers, copy shops, postal/packaging services*

Twenty Ninth Street Retail District

The Twenty Ninth Street Retail District is an 850,000 square-foot lifestyle center currently under construction on the former Crossroads Mall site. The center is scheduled to open in 2006. Twenty Ninth Street will have 75 to 100 tenants, with 75% of tenants, (based upon square footage*) classified as national or chain stores. A Wild Oats flagship store, Home Depot, and a Century Theatres 16-plex have been announced, and the Foley's department store will remain in place at the center. Leasing activity has just begun, and no other restaurant or shopping tenants have been announced.*

**source: Macerich*

Examples of National/Franchise/Chain Retail in Downtown Boulder

Recent national retailer departures from Downtown Boulder include Ann Taylor, Banana Republic Men's, Sunglass Hut and Subway. Below are just a few examples of nationals located within Downtown Boulder:

Apparel/Accessories

A Formal Affair
Abercrombie & Fitch
April Cornell
Banana Republic
Buffalo Exchange
GAP
Urban Outfitters

Sporting Goods

Title 9 Sports
Fleet Feet
Mont-Bell

Health/Beauty

L'Occitane, Inc.
Pharmaca
The Body Shop

Restaurants

BD's Mongolian Barbecue
Cheesecake Factory
Falafel King Restaurant
Nick-N-Willy's Pizza
Chipotle
Cold Stone Creamery
Paradise Bakery

Other

Conoco
7-11
Wild Oats Market
Federal Express
Feather Thy Nest
Color Me Mine

Books/Music

Borders Books
Christian Science
Reading Room

Downtown Boulder and Pearl Street Mall Retail Composition

An analysis of the Pearl Street Mall (the Mall), defined as the four face blocks of Pearl Street between 11th and 15th Streets extending north and south to alleys, and all other Downtown Boulder area retail was completed during November, 2004. The analysis examined retail goods and services of the two locations. Excluded from the survey were non-profit organizations, professional services, i.e., medical and dental services, insurance, real estate services, interior design, and business-to-business services (payroll services, web design, etc.). As a part of this analysis, franchise/national/chain businesses, i.e. Starbucks, Old Chicago, Chipotle, Borders Books, were differentiated from local/independent businesses (Peppercorn, Boulder Bookstore, etc.)

- ♦ A total of 283 outlets was identified, with the Pearl Street Mall comprising nearly one third of all retail goods and services outlets (90) and the rest of Downtown Boulder (193)
- ♦ **86.5% of other Downtown retailers are local/independent, compared to 74.4% of Pearl Street Mall retailers.**
- ♦ In order of quantity, 31% of Mall retail outlets are dining establishments and 18.9% are clothing and accessories
- ♦ In order of quantity, 27.9% of other Downtown retail is made up of dining establishments, 11.4% are clothing and accessories and 9.8% are home furnishings retailers
- ♦ 67.8% of Mall dining establishments are local/independent, compared to 85.2% of similar other Downtown retailers
- ♦ 64.7% of Mall clothing/accessories retailers are local/independent, compared to 81.8% of similar other downtown retailers.
- ♦ Other Downtown has nearly two times the number of eating and drinking establishments as the Mall
- ♦ Downtown Boulder's one general merchandise retailer (Urban Outfitters) is located just off the Mall on the West End of Pearl Street. Also of note in that area is a unique cluster of music, home furnishings and specialty bookstores.
- ♦ The East End of Pearl Street is home to numerous home furnishings retailers and a handful of fine dining establishments
- ♦ Art galleries make up a sizeable percentage of the "Other retailers" category

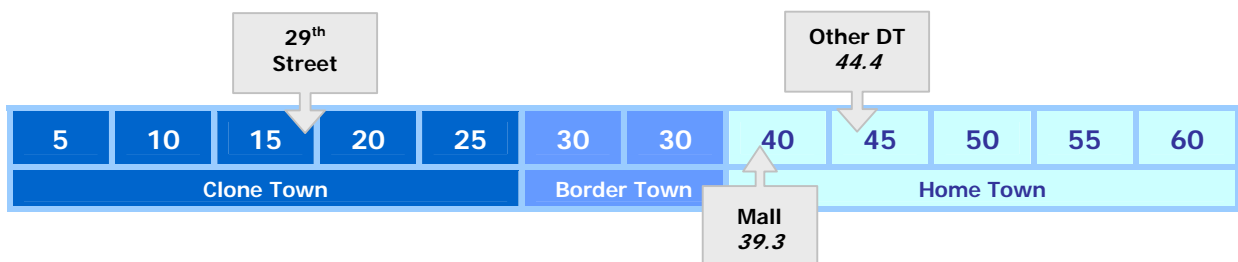
The Clone Town Survey

nef* (the new economics foundation), is an independent think tank that works to improve quality of life in Great Britain by promoting solutions that challenge mainstream thinking on economic, environmental and social issues. In 2004, nef published *Clone Town Britain*, which details the loss of local retail identity on Great Britain's high street through surveys conducted in 16 towns throughout Great Britain. P.U.M.A. adapted the Clone Town survey instrument to rate The Pearl Street Mall and other downtown Boulder retail.

Clone Town Survey Methodology

- An audit of existing retail, detailing type of shops (i.e. diversity) and the number of chain stores versus independently owned shops (i.e. identity) was completed.
- **5 points** were awarded for each **type of shop** counted
- **50 points** were awarded for each **independently owned shop**
- **5 points** were given for each **chain store** counted
- The sum of the scores from the above three steps were then divided by the number of shops counted to achieve the Clone Town Score

Actual scores for the Pearl Street Mall and other Downtown Boulder are shown below. We are suggesting that Twenty Ninth Street would fall within the "Clone Town" range based upon what we know of the proposed project tenant mix:



Downtown Boulder Strategic Plan: Select Comparable Cities' Downtown Issues

Prepared by P.U.M.A. Nov-Dec 2004

Name & Contact Info/ Downtown Organizations & Collaborations	Conference or Convention Center In or Near Downtown?	Parking Issues & Funding/ Stakeholder Communication Strategies	Business Development Programs	Communication With Nearby Shopping Centers? <i>Current Dynamics: Mall Sales per Square Foot</i>
Cherry Creek North BID Christina Brickley 303-394-2904 www.cherrycreeknorth.com BID & City: Examples of collaboration include parking policy; kiosk installations; neighborhood issues; capitol improvement projects	N/A	Issues: Availability, Accessibility, Pricing. Recent installation of new paid parking kiosks; Have engaged business owners and neighbors in policy discussions via town meetings; External communications, leveraging media power, parking brochures and collateral such as small instruction cards; signage; 1 month of non-enforcement; Parking ambassadors; City paid for 2 add'l additional floors of parking to private structure for district employees, provided at discount.	BID maintains database of all commercial space in district; has newly launched business center to focus on Economic Dev. Tracking lease rates, terms, availability ped counts to market BID properties; Working closely with brokers, esp. to ; recruit local businesses to fill retail voids; providing info on prevailing lease rates & terms; BID working closely with area merchants via forums, regular communications, ideas re marketing and ways for merchants to leverage special events.	Yes - cross promotion w/ Cherry Creek Mall on X-mas openings, timing so promotions don't occur at same time; shopping card provides 20% discount at both places; 1st Ave. Median improvements funded by both; <i>Mall was initially a threat, but caused formation of BID, now each compliment the other: CCN local n'hood shopping district, Mall national chains approx. sales psf: \$340*</i>
Old Pasadena BID Maggie Campbell 626-356-9725 www.oldpasadena.org Little active collaboration between BID and City. City runs assessment district for parking structures managed by BID	Convention center is located 2 blocks outside district; Old Pas not largely impacted by the center, tourism market primarily focused on individual visitors. Center is planning an expansion to be funded by a special assessment exclusively on hotels.	Issues: Availability, Accessibility, Pricing. Garages funded through special assessment; BID manages parking garages for City; Lots of demand for monthly parking permits for employees; Parking validation would not work in Old Pas due to largely corporate ownerships; Meters are free until 11:00 a.m. Public lots are free for 1st 90 minutes - policy est. 10 years ago, considered big success, marketed through all printed collateral, \$2 every 1/2 hr. thereafter - tried to eliminate, had 15,000 protesters.	Large retail recruitment primarily handled by the City; On-going communication such as retention surveys of existing businesses, and long-term assessment handled by BID. BID wants to add full-time staff person to handle economic development issues. Currently almost 0% vacancy rate.	2 lifestyle centers currently in planning stages, another mall opened in 2002 2 blocks away has 16-screen movie theater, 2 1st run theaters in Old Pas closed - 1 became art house, the other closed and will be redeveloped. <i>Mall has never become a real threat - opened just after 9/11, had up-scale retail initially and has become more "middle-brow" recently. New lifestyle centers may pose bigger threat. Never impacted local businesses. approx. sales psf: TBD</i>
City of Santa Monica Gwen Pentecost, Economic Development:310-458-8756 Kathleen Rawson Bayside District Corporation (paid for by City & property assessment, dedicated exclusively to downtown) 310-393-8355 www.downtownsm.com 5 BIDs in City	Civic Auditorium - doesn't host conferences, primarily regional draws - antique shows, cat shows, etc... Doesn't draw significant overnight stays	Issues: Availability, Accessibility, Pricing. Began building public parking via a 30 year assessment (est. in 1965) and more recently via redevelopment fees. Currently more than 5,000 public spaces. Had 3-hour free parking, was misused by employees Remedied by reducing free time to 2 hrs, requiring employees to park on top decks, attendant lots. Plans to add 1,712 public spaces and retrofit others at projected \$9.5M via property owner assessment, bonds, other methods being considered. 2 hours free 8am,- 6pm after that \$3 flat rate. Downside - employees move cars every 2 hours 2 year wait for parking passes in city-run structures.	Currently almost 0% vacancy rate. Lease rates very high, high tourist draw, 3rd Street Promenade has succeeded "despite" its being a pedestrian mall-6500 peds per block in peak season. Biggest issues: problems of success: chains, high rents, parking supply, density. City has business locator on retainer to fill retail space, paid by property owners. not tenants - helps property owners understand right tenant mix.	Macerich-owned Santa Monica Place adjacent to 3rd Street Promenade Working relationship, mall not assessed. Joint marketing: surfing santa - cost is 50/50 staffs work together - get celebs to turn on holiday lights, shared parking; Mall board member sits on Bayside board; <i>In '70's and '80's, mall sucked vitality out of 3rd Street: Promenade developed mid-80's, captured much of mall's market. Both have felt impact of other at different times; good communication, understanding of need to work collectively; both venues primarily consist of national chains \$350 per sf - not filling vacancies, mall planning redevelopment; current vacancy 40%+ approx. sales psf: \$337** (not actively leasing anticipating redevelopment within next year.)</i>
City of Scottsdale Economic Vitality Harold Stewart 480-312-2311 www.scottsdaleaz.gov City administered BID assesses 700 businesses - primarily for marketing, assessment administered by City	Arts Center used for public meetings and performances and for private groups. Public sector not interested in actively pursuing convention groups, as private hotels and resorts play a large enough role to generate significant economic activity - i.e. Westin has 1000 room room facility w/2 golf courses near downtown.	Issue: Availability. City currently adding 350 parking spaces at and below grade. Paid entirely by general fund money. Accessibility and pricing not big issues - downtown parking is free. City staff person dedicated to DT parking issues, lots of communication between property owners, valet companies, nighttime police bike patrols and horse patrols in entertainment areas, recently rearranged police precincts to focus on downtown.	Economic Vitality and a City-staffed downtown group focus primarily on small business support such as the façade improvement programs - matching funds to tenants or property owners up to up to \$25K (paid from general fund). Publicly funded façade improvements must last at least 10 years. Certain small businesses eligible for free or reduced building, permit and design review fees. No active business recruiting to downtown, Current sense of stability and success in 3 distinct downtown nodes.	Immediately north of downtown is Westcor-managed regional mall, Scottsdale Fashion Square, one of top Macerich performers nationally per sf. Downtown has thrived both because of and in spite of mall - no cross marketing or collaborative efforts at present. <i>Mall brings large influx of consumers who would otherwise not be aware of the downtown area. Downtown is successful because it represents a sense of place and time and is a real neighborhood. It defines the community, the mall does not. Approx. sales psf: \$504.**</i>

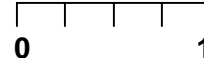
* source: Cherry Creek North BID

** source: www.macerich.com



Downtown Boulder BID

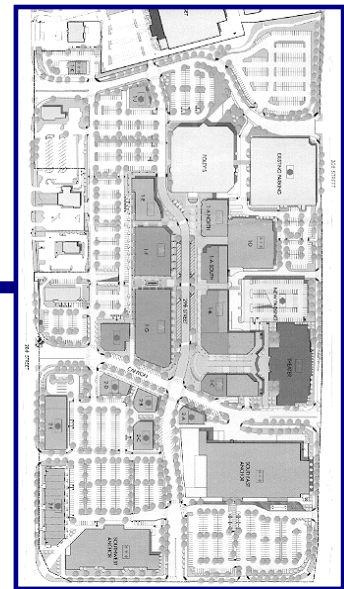
1 inch equals 800 feet



Downtown Boulder

- **Since 1859**
- **2.5 million square feet, 49 city blocks**
 - 750,000 square feet of retail space
 - 1,300,000 square feet of office space
 - 450,000 square feet of residential, government, church and other uses
- **283 retail stores**
 - 82.7% of retailers are local independents
 - retail mix: 33.2% eating/drinking establishments, 13.8% clothing/apparel, 7.4% home furnishings, 6.4% personal care/beauty/fitness, 4.9% toy/hobby/sporting goods stores, 4.6% books/stationery stores, 29.7% other retail
- **Parking – 3,778 total spaces (public)**
 - five parking structures – 2,209 spaces
 - six parking lots – 386 spaces
 - 1,183 metered spaces
 - Plus 2,000 private spaces**

Twenty Ninth Street site plan



1 inch equals 800 feet

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Twenty Ninth Street Retail District

- **First store opens 2006, phasing may extend into 2007**
- **850,000 square feet, 16 blocks total, retail core is 3 city blocks**
 - 850,000 square feet of retail/entertainment space
 - 80,000 square feet of office space
- **75+ tenants**
 - 75% of retailers may be regional, national or chain outlets
 - announced anchors include a flagship grocery store, 16-plex cinema, and a building materials store. A major department store will remain open. In addition, the grocer will relocate its 275-employee corporate headquarters to 29th Street.
- **Parking - 3,691 total spaces (proposed)**
 - three parking structures – 1,727 spaces
 - on grade parking – 1,964 spaces

sources: Macerich Company, Westcor

1/05 prepared by Progressive Urban Management Associates, Inc.